

AMENDED IN SENATE APRIL 1, 2013

SENATE BILL

No. 43

Introduced by Senator Wolk

(Coauthors: Senators Corbett and Pavley)

(Coauthors: Assembly Members Levine and Skinner, Skinner, and Williams)

December 11, 2012

~~An act relating to energy.~~ *An act to amend Section 25019 of the Corporations Code, and to amend Sections 216 and 218 of, to repeal Section 2826.5 of, and to repeal and add Chapter 7.5 (commencing with Section 2830) of Part 2 of Division 1 of the Public Utilities Code, relating to energy.*

LEGISLATIVE COUNSEL'S DIGEST

SB 43, as amended, Wolk. Shared renewable energy self-generation program.

~~Under~~

(1) *Under* existing law, the Public Utilities Commission has regulatory jurisdiction over public utilities, including electrical corporations, as defined. Existing law authorizes the commission to fix the rates and charges for every public utility, and requires that those rates and charges be just and reasonable. Under existing law, the local government renewable energy self-generation program authorizes a local government, as defined, to receive a bill credit, as defined, to be applied to a designated benefiting account for electricity exported to the electrical grid by an eligible renewable generating facility, as defined, and requires the commission to adopt a rate tariff for the benefiting account.

~~This bill would state various findings and declarations, and state the intent of the Legislature to enact legislation, relating to a shared renewable energy self-generation program.~~

This bill would repeal the local government renewable energy self-generation program and enact the Shared Renewable Energy Self-Generation Program. The program would authorize a retail customer of an electrical corporation to acquire an interest, as defined, in a shared renewable energy facility, as defined, for the purpose of receiving a bill credit, as defined, to offset all or a portion of the customer's electricity usage, consistent with specified requirements.

The bill would provide that any corporation or person engaged directly or indirectly in developing, owning, producing, delivering, participating in, or selling interests in, a shared renewable energy facility is not a public utility or electrical corporation solely by reason of engaging in any of those activities.

(2) Under existing law, a violation of the Public Utilities Act or any order, decision, rule, direction, demand, or requirement of the commission is a crime.

Because the provisions of the bill would require action by the commission to implement its requirements, a violation of these provisions would impose a state-mandated local program by expanding the definition of a crime.

(3) Existing law authorizes the City of Davis to receive a bill credit, as defined, to a benefiting account, as defined, for electricity supplied to the electrical grid by a photovoltaic electricity generation facility located within, and partially owned by, the city, referred to as the PVUSA solar facility, and requires the commission to adopt a rate tariff for the benefiting account.

This bill would repeal these provisions relating to the City of Davis, but would require a shared renewable energy facility to be either the PVUSA facility or a newly constructed renewable facility constructed pursuant to the Shared Renewable Energy Self-Generation Program that begins commercial operation on or after June 1, 2014.

(4) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~-yes.
State-mandated local program: ~~no~~-yes.

The people of the State of California do enact as follows:

1 SECTION 1. Section 25019 of the Corporations Code is
2 amended to read:
3 25019. (a) “Security” means any note; stock; treasury stock;
4 membership in an incorporated or unincorporated association;
5 bond; debenture; evidence of indebtedness; certificate of interest
6 or participation in any profit-sharing agreement; collateral trust
7 certificate; preorganization certificate or subscription; transferable
8 share; investment contract; viatical settlement contract or a
9 fractionalized or pooled interest therein; life settlement contract
10 or a fractionalized or pooled interest therein; voting trust certificate;
11 certificate of deposit for a security; interest in a limited liability
12 company and any class or series of those interests (including any
13 fractional or other interest in that interest), except a membership
14 interest in a limited liability company in which the person claiming
15 this exception can prove that all of the members are actively
16 engaged in the management of the limited liability company;
17 provided that evidence that members vote or have the right to vote,
18 or the right to information concerning the business and affairs of
19 the limited liability company, or the right to participate in
20 management, shall not establish, without more, that all members
21 are actively engaged in the management of the limited liability
22 company; certificate of interest or participation in an oil, gas or
23 mining title or lease or in payments out of production under that
24 title or lease; put, call, straddle, option, or privilege on any security,
25 certificate of deposit, or group or index of securities (including
26 any interest therein or based on the value thereof); or any put, call,
27 straddle, option, or privilege entered into on a national securities
28 exchange relating to foreign currency; any beneficial interest or
29 other security issued in connection with a funded employees’
30 pension, profit sharing, stock bonus, or similar benefit plan; or, in
31 general, any interest or instrument commonly known as a
32 “security”; or any certificate of interest or participation in,
33 temporary or interim certificate for, receipt for, guarantee of, or
34 warrant or right to subscribe to or purchase, any of the foregoing.
35 All of the foregoing are securities whether or not evidenced by a

1 written document. “Security” does not include: (1) any beneficial
2 interest in any voluntary inter vivos trust which is not created for
3 the purpose of carrying on any business or solely for the purpose
4 of voting, or (2) any beneficial interest in any testamentary trust,
5 or (3) any insurance or endowment policy or annuity contract under
6 which an insurance company admitted in this state promises to
7 pay a sum of money (whether or not based upon the investment
8 performance of a segregated fund) either in a lump sum or
9 periodically for life or some other specified period, or (4) any
10 franchise subject to registration under the Franchise Investment
11 Law (Division 5 (commencing with Section 31000)), or exempted
12 from registration by Section 31100 or 31101.

13 (b) “Security” does not include: (1) any beneficial interest in
14 any voluntary inter vivos trust which is not created for the purpose
15 of carrying on any business or solely for the purpose of voting, (2)
16 any beneficial interest in any testamentary trust, (3) any insurance
17 or endowment policy or annuity contract under which an insurance
18 company admitted in this state promises to pay a sum of money
19 (whether or not based upon the investment performance of a
20 segregated fund) either in a lump sum or periodically for life or
21 some other specified period, (4) any franchise subject to
22 registration under the Franchise Investment Law (Division 5
23 (commencing with Section 31000)), or exempted from registration
24 by Section 31100 or 31101, or (5) any right to a bill credit or
25 interest of a participant in a community renewable energy facility
26 pursuant to Chapter 7.5 (commencing with Section 2830) of Part
27 2 of Division 1 of the Public Utilities Code.

28 SEC. 2. Section 216 of the Public Utilities Code is amended
29 to read:

30 216. (a) “Public utility” includes every common carrier, toll
31 bridge corporation, pipeline corporation, gas corporation, electrical
32 corporation, telephone corporation, telegraph corporation, water
33 corporation, sewer system corporation, and heat corporation, where
34 the service is performed for, or the commodity is delivered to, the
35 public or any portion thereof.

36 (b) Whenever any common carrier, toll bridge corporation,
37 pipeline corporation, gas corporation, electrical corporation,
38 telephone corporation, telegraph corporation, water corporation,
39 sewer system corporation, or heat corporation performs a service
40 for, or delivers a commodity to, the public or any portion thereof

1 for which any compensation or payment whatsoever is received,
2 that common carrier, toll bridge corporation, pipeline corporation,
3 gas corporation, electrical corporation, telephone corporation,
4 telegraph corporation, water corporation, sewer system corporation,
5 or heat corporation, is a public utility subject to the jurisdiction,
6 control, and regulation of the commission and the provisions of
7 this part.

8 (c) When any person or corporation performs any service for,
9 or delivers any commodity to, any person, private corporation,
10 municipality, or other political subdivision of the state, that in turn
11 either directly or indirectly, mediately or immediately, performs
12 that service for, or delivers that commodity to, the public or any
13 portion thereof, that person or corporation is a public utility subject
14 to the jurisdiction, control, and regulation of the commission and
15 the provisions of this part.

16 (d) Ownership or operation of a facility that employs
17 cogeneration technology or produces power from other than a
18 conventional power source or the ownership or operation of a
19 facility which employs landfill gas technology does not make a
20 corporation or person a public utility within the meaning of this
21 section solely because of the ownership or operation of that facility.

22 (e) Any corporation or person engaged directly or indirectly in
23 developing, producing, transmitting, distributing, delivering, or
24 selling any form of heat derived from geothermal or solar resources
25 or from cogeneration technology to any privately owned or publicly
26 owned public utility, or to the public or any portion thereof, is not
27 a public utility within the meaning of this section solely by reason
28 of engaging in any of those activities.

29 (f) The ownership or operation of a facility that sells compressed
30 natural gas at retail to the public for use only as a motor vehicle
31 fuel, and the selling of compressed natural gas at retail from that
32 facility to the public for use only as a motor vehicle fuel, does not
33 make the corporation or person a public utility within the meaning
34 of this section solely because of that ownership, operation, or sale.

35 (g) Ownership or operation of a facility that is an exempt
36 wholesale generator, as defined in the Public Utility Holding
37 Company Act of 2005 (42 U.S.C. Sec. 16451(6)), does not make
38 a corporation or person a public utility within the meaning of this
39 section, solely due to the ownership or operation of that facility.

(h) The ownership, control, operation, or management of an electric plant used for direct transactions or participation directly or indirectly in direct transactions, as permitted by subdivision (b) of Section 365, sales into a market established and operated by the Independent System Operator or any other wholesale electricity market, or the use or sale as permitted under subdivisions (b) to (d), inclusive, of Section 218, shall not make a corporation or person a public utility within the meaning of this section solely because of that ownership, participation, or sale.

(i) The ownership, control, operation, or management of a facility that supplies electricity to the public only for use to charge light duty plug-in electric vehicles does not make the corporation or person a public utility within the meaning of this section solely because of that ownership, control, operation, or management. For purposes of this subdivision, “light duty plug-in electric vehicles” includes light duty battery electric and plug-in hybrid electric vehicles. This subdivision does not affect the commission’s authority under Section 454 or 740.2 or any other applicable statute.

(j) *A corporation or person engaged directly or indirectly in developing, owning, producing, delivering, participating in, or selling interests in a shared renewable energy facility, pursuant to Chapter 7.5 (commencing with Section 2830) of Part 2, is not a public utility within the meaning of this section solely by reason of engaging in any of those activities.*

SEC. 3. *Section 218 of the Public Utilities Code is amended to read:*

218. (a) “Electrical corporation” includes every corporation or person owning, controlling, operating, or managing any electric plant for compensation within this state, except where electricity is generated on or distributed by the producer through private property solely for its own use or the use of its tenants and not for sale or transmission to others.

(b) “Electrical corporation” does not include a corporation or person employing cogeneration technology or producing power from other than a conventional power source for the generation of electricity solely for any one or more of the following purposes:

(1) Its own use or the use of its tenants.

(2) The use of or sale to not more than two other corporations or persons solely for use on the real property on which the electricity is generated or on real property immediately adjacent

1 thereto, unless there is an intervening public street constituting the
2 boundary between the real property on which the electricity is
3 generated and the immediately adjacent property and one or more
4 of the following applies:

5 (A) The real property on which the electricity is generated and
6 the immediately adjacent real property is not under common
7 ownership or control, or that common ownership or control was
8 gained solely for purposes of sale of the electricity so generated
9 and not for other business purposes.

10 (B) The useful thermal output of the facility generating the
11 electricity is not used on the immediately adjacent property for
12 petroleum production or refining.

13 (C) The electricity furnished to the immediately adjacent
14 property is not utilized by a subsidiary or affiliate of the corporation
15 or person generating the electricity.

16 (3) Sale or transmission to an electrical corporation or state or
17 local public agency, but not for sale or transmission to others,
18 unless the corporation or person is otherwise an electrical
19 corporation.

20 (c) “Electrical corporation” does not include a corporation or
21 person employing landfill gas technology for the generation of
22 electricity for any one or more of the following purposes:

23 (1) Its own use or the use of not more than two of its tenants
24 located on the real property on which the electricity is generated.

25 (2) The use of or sale to not more than two other corporations
26 or persons solely for use on the real property on which the
27 electricity is generated.

28 (3) Sale or transmission to an electrical corporation or state or
29 local public agency.

30 (d) “Electrical corporation” does not include a corporation or
31 person employing digester gas technology for the generation of
32 electricity for any one or more of the following purposes:

33 (1) Its own use or the use of not more than two of its tenants
34 located on the real property on which the electricity is generated.

35 (2) The use of or sale to not more than two other corporations
36 or persons solely for use on the real property on which the
37 electricity is generated.

38 (3) Sale or transmission to an electrical corporation or state or
39 local public agency, if the sale or transmission of the electricity
40 service to a retail customer is provided through the transmission

1 system of the existing local publicly owned electric utility or
2 electrical corporation of that retail customer.

3 (e) “Electrical corporation” does not include an independent
4 solar energy producer, as defined in Article 3 (commencing with
5 Section 2868) of Chapter 9 of Part 2.

6 (f) The amendments made to this section at the 1987 portion of
7 the 1987–88 Regular Session of the Legislature do not apply to
8 any corporation or person employing cogeneration technology or
9 producing power from other than a conventional power source for
10 the generation of electricity that physically produced electricity
11 prior to January 1, 1989, and furnished that electricity to
12 immediately adjacent real property for use thereon prior to January
13 1, 1989.

14 (g) *A corporation or person engaged directly or indirectly in*
15 *developing, owning, producing, delivering, participating in, or*
16 *selling interests in a shared renewable energy facility, pursuant*
17 *to Chapter 7.5 (commencing with Section 2830) of Part 2, is not*
18 *an electrical corporation within the meaning of this section solely*
19 *by reason of engaging in any of those activities.*

20 SEC. 4. Section 2826.5 of the Public Utilities Code is repealed.

21 ~~2826.5. (a) As used in this section, the following terms have~~
22 ~~the following meanings:~~

23 ~~(1) “Benefiting account” means an electricity account, or more~~
24 ~~than one account, mutually agreed upon by Pacific Gas and Electric~~
25 ~~Company and the City of Davis.~~

26 ~~(2) “Bill credit” means credits calculated based upon the~~
27 ~~electricity generation component of the rate schedule applicable~~
28 ~~to a benefiting account, as applied to the net metered quantities of~~
29 ~~electricity.~~

30 ~~(3) “PVUSA” means the photovoltaic electricity generation~~
31 ~~facility selected by the City of Davis, located at 24662 County~~
32 ~~Road, Davis, California, with a rated peak electricity generation~~
33 ~~capacity of 600 kilowatts, and as it may be expanded, not to exceed~~
34 ~~one megawatt of peak generation capacity.~~

35 ~~(4) “Net metered” means the electricity output from the PVUSA.~~

36 ~~(5) “Environmental attributes” associated with the PVUSA~~
37 ~~include, but are not limited to, the credits, benefits, emissions~~
38 ~~reductions, environmental air quality credits, and emissions~~
39 ~~reduction credits, offsets, and allowances, however entitled~~

1 resulting from the avoidance of the emission of any gas, chemical,
2 or other substance attributable to the PVUSA.

3 ~~(b) The City of Davis may elect to designate a benefiting~~
4 ~~account, or more than one account, to receive bill credit for the~~
5 ~~electricity generated by the PVUSA, if all of the following~~
6 ~~conditions are met:~~

7 ~~(1) A benefiting account receives service under a time-of-use~~
8 ~~rate schedule.~~

9 ~~(2) The electricity output of the PVUSA is metered for time of~~
10 ~~use to allow allocation of each bill credit to correspond to the~~
11 ~~time-of-use period of a benefiting account.~~

12 ~~(3) All costs associated with the metering requirements of~~
13 ~~paragraphs (1) and (2) are the responsibility of the City of Davis.~~

14 ~~(4) All electricity delivered to the electrical grid by the PVUSA~~
15 ~~is the property of Pacific Gas and Electric Company.~~

16 ~~(5) PVUSA does not sell electricity delivered to the electrical~~
17 ~~grid to a third party.~~

18 ~~(6) The right, title, and interest in the environmental attributes~~
19 ~~associated with the electricity delivered to the electrical grid by~~
20 ~~the PVUSA are the property of Nuon Renewable Ventures USA,~~
21 ~~LLC.~~

22 ~~(c) A benefiting account shall be billed on a monthly basis, as~~
23 ~~follows:~~

24 ~~(1) For all electricity usage, the rate schedule applicable to the~~
25 ~~benefiting account, including any surcharge, exit fee, or other cost~~
26 ~~recovery mechanism, as determined by the commission, to~~
27 ~~reimburse the Department of Water Resources for purchases of~~
28 ~~electricity, pursuant to Division 27 (commencing with Section~~
29 ~~80000) of the Water Code.~~

30 ~~(2) The rate schedule for the benefiting account shall also~~
31 ~~provide credit for the generation component of the time-of-use~~
32 ~~rates for the electricity generated by the PVUSA that is delivered~~
33 ~~to the electrical grid. The generation component credited to the~~
34 ~~benefiting account may not include the surcharge, exit fee, or other~~
35 ~~cost recovery mechanism, as determined by the commission, to~~
36 ~~reimburse the Department of Water Resources for purchases of~~
37 ~~electricity, pursuant to Division 27 (commencing with Section~~
38 ~~80000) of the Water Code.~~

~~(3) If in any billing cycle, the charge pursuant to paragraph (1) for electricity usage exceeds the billing credit pursuant to paragraph (2), the City of Davis shall be charged for the difference.~~

~~(4) If in any billing cycle, the billing credit pursuant to paragraph (2), exceeds the charge for electricity usage pursuant to paragraph (1), the difference shall be carried forward as a credit to the next billing cycle.~~

~~(5) After the electricity usage charge pursuant to paragraph (1) and the credit pursuant to paragraph (2) are determined for the last billing cycle of a calendar year, any remaining credit resulting from the application of this section shall be reset to zero.~~

~~(d) Not more frequently than once per year, and upon providing Pacific Gas and Electric Company with a minimum of 60 days notice, the City of Davis may elect to change a benefiting account. Any credit resulting from the application of this section earned prior to the change in a benefiting account that has not been used as of the date of the change in the benefit account, shall be applied, and may only be applied, to a benefiting account as changed.~~

~~(e) Pacific Gas and Electric Company shall file an advice letter with the Public Utilities Commission, that complies with this section, not later than 10 days after the effective date of this section, proposing a rate tariff for a benefiting account. The commission, within 30 days of the date of filing, shall approve the proposed tariff, or specify conforming changes to be made by Pacific Gas and Electric Company to be filed in a new advice letter.~~

~~(f) The City of Davis may terminate its election pursuant to subdivision (b), upon providing Pacific Gas and Electric Company with a minimum of 60 days notice. Should the City of Davis sell its interest in the PVUSA, or sell the electricity generated by the PVUSA, in a manner other than required by this section, upon the date of either event, and the earliest date if both events occur, no further bill credit pursuant to paragraph (2) of subdivision (b) may be earned. Only credit earned prior to that date shall be made to a benefiting account.~~

~~(g) The Legislature finds and declares that credit for a benefiting account for the electricity output from the PVUSA are in the public interest in order to value the production of this unique, wholly renewable resource electricity generation facility located in, and owned in part by, the City of Davis. Because of the unique circumstances applicable only to the PVUSA a statute of general~~

1 applicability cannot be enacted within the meaning of subdivision
2 (b) of Section 16 of Article IV of the California Constitution.
3 Therefore, this special statute is necessary.

4 SEC. 5. Chapter 7.5 (commencing with Section 2830) of Part
5 2 of Division 1 of the Public Utilities Code is repealed.

6 SEC. 6. Chapter 7.5 (commencing with Section 2830) is added
7 to Part 2 of Division 1 of the Public Utilities Code, to read:

8
9 CHAPTER 7.5. SHARED RENEWABLE ENERGY SELF-GENERATION
10 PROGRAM
11

12 2830. The Legislature finds and declares all of the following:

13 (a) The creation of renewable energy within California provides
14 significant financial, health, environmental, and workforce benefits
15 to the State of California.

16 (b) The California Solar Initiative has been extremely successful,
17 resulting in over 140,000 residential and commercial onsite
18 installations of solar energy systems. However, it cannot reach all
19 residents and businesses that want to participate and is limited to
20 solar. The Shared Renewable Energy Self-Generation Program
21 seeks to build on this success by expanding access to renewable
22 energy resources to all ratepayers who are currently unable to
23 access the benefits of onsite generation.

24 (c) The Governor has proposed the Clean Energy Jobs Plan
25 calling for the development of 12,000 megawatts of generation
26 from distributed renewable energy resources of up to 20 megawatts
27 in size by 2020. There is widespread interest from many large
28 institutional customers, including schools, colleges, universities,
29 local governments, businesses, and the military, for development
30 of renewable generation facilities to serve more than 33 percent
31 of their energy needs. For these reasons, the Legislature agrees
32 that the Governor's Clean Energy Jobs Plan represents a desired
33 policy direction for the state. It is the intent of the Legislature that
34 renewable generation that comes online as part of the Shared
35 Renewable Energy Self-Generation Program is counted toward
36 an electrical corporation's efforts to implement the Governor's
37 Clean Energy Jobs Plan.

38 (d) Properly designed, shared renewable energy programs can
39 provide access and cost savings to underserved communities, such

1 as low- to moderate-income residents, and residential and
2 commercial renters, while not shifting costs to nonbeneficiaries.

3 (e) While municipal utilities already have the authority to create
4 their own shared renewable energy programs, only an act of the
5 Legislature can empower the vast majority of California residents
6 to be able to enjoy the significant benefits of shared renewable
7 energy systems, while the state benefits from avoided transmission
8 and distribution upgrades, avoided line loss, and cleaner air and
9 water.

10 (f) Public institutions will benefit from the Shared Renewable
11 Energy Self-Generation Program's enhanced flexibility to
12 participate in shared renewable energy facilities. Electricity usage
13 is one of the most significant cost pressures facing public
14 institutions at a time when they have been forced to cut essential
15 programs, increase classroom sizes, and lay off teachers. Schools
16 may use the savings for restoring funds for salaries, facility
17 maintenance, and other budgetary needs.

18 (g) Shared renewable energy self-generation creates jobs,
19 reduces emissions of greenhouse gases, and promotes energy
20 independence.

21 (h) Many large energy users in California have pursued onsite
22 renewable energy generation, but cannot achieve their goals due
23 to rooftop or land space limitations, or size limits on net metering.
24 The enactment of this chapter will create a mechanism whereby
25 institutional customers such as military installations, universities,
26 and local governments, as well as commercial customers and
27 groups of individuals, can efficiently invest in generating electricity
28 from renewable generation.

29 (i) Therefore, it is the intent of the legislature that this program
30 be implemented in such a manner as to create a large, sustainable
31 market for the purchase of an interest in offsite renewable
32 generation, while fairly compensating electrical corporations for
33 the services they provide.

34 (j) It is the further intent of the Legislature to preserve a
35 thriving, sustainable agricultural industry, and to ensure that the
36 development of renewable energy does not remove prime farmland
37 from productive use without a comprehensive public review
38 process.

39 (k) It is further the intent of the Legislature that the commission
40 minimize the rate impact the Shared Renewable Energy

1 *Self-Generation Program has on nonbeneficiaries, with a goal of*
2 *ratepayer indifference. To the extent that the program imposes*
3 *incremental increases in rates, the commission shall determine*
4 *the appropriate way to allocate costs, which may include equitable*
5 *allocation of costs to all customers on a nonbypassable basis.*

6 2832. As used in this chapter, the following terms have the
7 following meanings:

8 (a) “Benefiting account” means one or more electricity accounts
9 designated to receive a bill credit pursuant to Section 2834 and
10 mutually agreed upon by the facility provider and an electrical
11 corporation.

12 (b) “Bill credit” means an amount of money credited each
13 month, or in an otherwise applicable billing period, to one or more
14 benefiting accounts based on the amount of the electrical output
15 of a shared renewable energy facility that is assigned to the
16 account pursuant to the methodology described in Section 2834.

17 (c) “Default load aggregation point price” means a
18 commission-determined day-ahead price for electricity.

19 (d) “Energy component” means the generation portion of a
20 customer’s otherwise applicable tariff and any other portion of
21 the customer’s charges that the commission determines may be
22 appropriate to offset without resulting in a net cost shift to
23 nonbeneficiaries.

24 (e) “Facility rate” means the per kilowatthour rate assigned to
25 each facility built under the program, used to calculate the bill
26 credit pursuant to the method described in paragraphs (1) to (3),
27 inclusive, of subdivision (b) of Section 2834.

28 (f) “Interest” means a direct or indirect ownership, lease,
29 subscription, or financing interest in a shared renewable energy
30 facility that enables the participant to receive a bill credit for a
31 retail account with the electrical corporation.

32 (g) “Local government” means a city, county, city and county,
33 special district, school district, public water district, public
34 irrigation district, county office of education, political subdivision,
35 or other local governmental entity. For the purposes of this
36 chapter, “water district” has the same meaning as defined in
37 Section 20200 of the Water Code, and “irrigation district” means
38 an entity formed pursuant to the Irrigation District Law set forth
39 in Division 11 (commencing with Section 20500) of the Water
40 Code.

1 (h) “Participant” means a retail customer of an electrical
2 corporation who owns, leases, finances, or subscribes to an interest
3 in a shared renewable energy facility and who has designated one
4 or more of its own retail accounts as a benefiting account to which
5 the interest shall be attributed.

6 (i) “Participant account” means a retail customer account with
7 an electrical corporation to which a participant’s interest in a
8 shared renewable energy facility shall be attributed.

9 (j) “Provider” means any entity whose purpose is to beneficially
10 own or operate a shared renewable energy facility for the
11 participants or owners of that facility, or to market an interest in
12 the facility.

13 (k) “Program” means the Shared Renewable Energy
14 Self-Generation Program established pursuant to this chapter.

15 (l) “Project” means the cumulative activities to build and make
16 operational a shared renewable energy facility.

17 (m) “Renewable energy credit” has the same meaning as defined
18 in Section 399.12.

19 (n) “Shared renewable energy facility” means a facility for the
20 generation of electricity that meets all of the following
21 requirements:

22 (1) Has a nameplate generating capacity of no more than 20
23 megawatts of alternating current.

24 (2) Is an eligible renewable energy resource pursuant to the
25 California Renewables Portfolio Standard Program (Article 16
26 (commencing with Section 399.11) of Chapter 2.3 of Part 1).

27 (3) Has its electrical output measured by a production meter
28 owned by the electrical corporation, that meets the tariff
29 requirements of the electrical corporation and the Independent
30 System Operator, and that independently measures the electricity
31 delivered to the grid by the facility.

32 (4) Is located within the service territory of a California
33 electrical corporation.

34 (5) Has been interconnected with the electrical grid in
35 compliance with the tariffs of the applicable interconnection
36 authority.

37 (6) Is either the PVUSA facility, meaning the photovoltaic
38 electricity generation facility selected by the City of Davis and
39 located at 24662 County Road, Davis, California, or is a newly

1 *constructed renewable facility constructed pursuant to this chapter,*
2 *beginning commercial operation on or after June 1, 2014.*

3 *(7) The provider has, where applicable, complied with all*
4 *program rules and written notice procedures that may be required*
5 *by the commission.*

6 2834. (a) (1) *A retail customer of an electrical corporation*
7 *having 100,000 or more service connections within the state may*
8 *acquire an interest in a shared renewable energy facility for the*
9 *purpose of becoming a participant and shall designate one or more*
10 *benefiting accounts to which the interest shall be attributed.*

11 *(2) To be eligible to be designated as a benefiting account, the*
12 *account shall be for service to premises located within the*
13 *geographical boundaries of the service territory of the electrical*
14 *corporation containing the shared renewable energy facility.*

15 *(3) The participating customer's bill credit may be used to offset*
16 *all or a portion of the energy component of that customer's*
17 *electrical service, as provided in this chapter and in accordance*
18 *with those rules that the commission may adopt.*

19 *(4) A participant shall not acquire an interest in a shared*
20 *renewable energy facility that represents more than two megawatts*
21 *of generating capacity or the equivalent amount, as denominated*
22 *in kilowatt hours of energy. This limitation does not apply to a*
23 *federal, state, or local government, school, school district, county*
24 *office of education, the California Community Colleges, the*
25 *California State University, or the University of California.*

26 *(b) The commission shall establish a facility rate for all shared*
27 *renewable energy facilities, as follows:*

28 *(1) The commission shall undertake a comprehensive analysis*
29 *of the costs and benefits associated with shared renewable energy*
30 *generation to determine a facility rate for all facilities participating*
31 *in the program that shall be based on the full value that the shared*
32 *renewable energy generation provides. No later than December*
33 *31, 2014, the commission shall adopt a methodology to calculate*
34 *a facility rate for shared renewable energy.*

35 *(2) In order to ensure that the program becomes effective on*
36 *January 1, 2014, an interim facility rate shall be set at the*
37 *cumulative weighted average time-of-delivery adjusted cost of*
38 *electricity established in the commission's Renewables Portfolio*
39 *Standard Quarterly Reports published for 2012 and 2013 in*
40 *compliance with Chapter 600 of the statutes of 2011 (Senate Bill*

1 No. 836 of the 2011–12 Regular Session) for eligible renewable
2 energy resources of comparable size to, and utilizing the same
3 generating technology as, the shared renewable energy facility,
4 and that are under contract with the electrical corporation.

5 (3) The facility rate shall be set annually as a price per
6 kilowatthour of electricity and shall be applied at the time the
7 provider receives an award of capacity. Once established, a facility
8 rate shall be applicable to that facility for the operational life of
9 the facility, except as allowed in paragraph (1) of subdivision (c).

10 (4) The commission shall publish tariffs applicable to all
11 participants per electrical corporation, as necessary, no later than
12 90 days following the addition of this section.

13 (5) Any subsequent facility or a subsequent expansion of a
14 facility placed in service on or after the initial award of rated
15 generating capacity pursuant to paragraph (3) that results in an
16 increase in the facility's capacity to produce electricity shall be
17 subject to the facility rate in effect on the date the provider applied
18 for an award of rated generating capacity for the subsequent
19 facility or increase in the facility's capacity.

20 (6) The electrical corporation shall assign a monthly bill credit
21 equal to the facility rate for each kilowatt hour of energy received
22 to the benefiting account, as directed by the provider. The bill
23 credit shall be applied to the energy component of the benefiting
24 account.

25 (c) (1) The commission may revise the methodology for
26 calculating facility rates at any time that it concludes that the
27 existing mechanism does not provide program participants with
28 the fair value of electricity and other benefits produced by the
29 shared renewable energy facility or overvalues the benefits to
30 nonparticipating customers of the electrical corporation for the
31 electricity generated by a shared renewable energy facility. Any
32 revision to the methodology for calculating the facility rate shall
33 apply to all new program capacity and shall also apply to existing
34 program capacity provided the change results in an increase to
35 the facility rate.

36 (2) Any renewable energy credits associated with an interest
37 shall be retired by either the provider or electrical corporation,
38 as they may agree, on behalf of the participant or transferred to
39 the Western Renewable Energy Generation Information System
40 account of that participant, for the purpose of demonstrating the

purchase of renewable energy. Those renewable energy credits shall not be further sold, transferred, or otherwise monetized by a party for any purpose. Renewable energy credits associated with electricity paid for by the electrical corporation shall be counted toward meeting that electrical corporation's renewables portfolio standard. For purposes of this subdivision, "renewable energy credit" and "renewables portfolio standard" have the same meanings as defined in Section 399.12.

(3) For energy that is unallocated to a benefiting account during the previous billing period, the recipient electrical corporation shall pay the provider the current default load aggregation point price plus the renewable energy credit value and receive any renewable energy credits associated with that energy.

(d) (1) A pilot program of 500 megawatts of alternating current rated nameplate generating capacity of shared renewable energy facilities shall be made available during the 18-month period beginning January 1, 2014, and ending July, 1 2015. Each electrical corporation's proportionate share of the program's total capacity shall be calculated based on the ratio of the electrical corporation's peak demand compared to the total statewide peak demand.

(2) On or before March 1, 2014, each electrical corporation shall submit a proposal to the commission for how to allocate the initial available capacity. Within 60 days of receipt of these proposals, the commission shall adopt rules for the allocation of the initial available capacity amongst the electrical corporations and to establish a transparent process for evaluating and ranking applications for shared renewable energy facility projects and awarding the initial capacity to those projects.

(3) Of the initial pilot program capacity:

(A) Twenty percent shall be reserved for projects of a size no greater than one megawatt of alternating current, constructed in areas previously identified by the California Environmental Protection Agency as the most impacted and disadvantaged communities for opportunities related to this chapter. These communities shall be identified as census tracts that are identified within the top 20 percent of results from the best available cumulative impact screening methodology by considering the following categories:

1 (i) Areas disproportionately affected by environmental pollution
2 and other hazards that can lead to negative public health effects,
3 exposure, or environmental degradation.

4 (ii) Areas with socioeconomic vulnerability.

5 (B) Twenty percent shall be reserved for initial subscription by
6 residential customers.

7 (4) No shared renewable energy facilities under this program
8 may be sited on lands that have held, within the previous five years,
9 a land use designation of prime farmland as defined by the
10 Department of Conservation's Farmland Mapping and Monitoring
11 Program pursuant to Section 65570 of the Government Code,
12 except when the designation has been reclassified to one congruent
13 to the use of the site for the purposes of this chapter by either the
14 Farmland Mapping and Monitoring Program, or via a public
15 process conducted by the relevant local land use management
16 planning authority.

17 (e) Each electrical corporation shall make awards allocating
18 rated generating capacity pursuant to the program in the following
19 manner:

20 (1) (A) Each electrical corporation shall, by March 1, 2014,
21 submit a proposed standard contract with providers for commission
22 approval. The commission shall utilize the Tier 2 advice letter
23 procedure for approval of a standard contract submitted by an
24 electrical corporation.

25 (B) The proposed standard contract shall be based on the
26 electrical corporation's standard contract used for the
27 commission's most recently approved renewable auction
28 mechanism program. Each electrical corporation shall modify the
29 contract to eliminate language irrelevant to this program,
30 including, but not limited to, compensation and monthly payments,
31 operating and development security, and time-of-day periods.

32 (2) A provider wishing to build a shared renewable energy
33 facility shall remit a nonrefundable administrative fee of one dollar
34 and fifty cents (\$1.50) per kilowatt of rated generating capacity
35 to the electrical corporation with its application for an allocation
36 of capacity. At any time, the commission shall have the authority
37 to modify the rated generating capacity allocation mechanism,
38 including, but not limited to, creating project ranking criteria,
39 setting deposit requirements, and creating an award allocation
40 methodology for prospective projects.

1 (3) A provider shall meet the following benchmarks and
2 timelines for construction and operation of a shared renewable
3 energy facility. Failure to do so shall result in the provider
4 forfeiting the rated generating capacity awarded to it.

5 (A) The provider shall issue an unrestricted notice to proceed
6 with construction of the shared renewable energy facility within
7 180 days of the provider receiving an award allocating rated
8 generating capacity from the electrical corporation.

9 (B) The shared renewable energy facility shall achieve
10 commercial operation within 24 months of receiving an award
11 allocating rated generating capacity pursuant to this subdivision.

12 (C) A provider shall receive an extension because of
13 interconnection delays that are outside the provider's control, for
14 a maximum extension of six months.

15 (D) A provider may receive a six-month extension for
16 noninterconnection factors outside the control of the provider.

17 (4) The electrical corporation shall ensure that no single entity
18 or its affiliates or subsidiaries is awarded more than 20 percent
19 of any single calendar year's total cumulative rated generating
20 capacity made available pursuant to this program.

21 (5) The commission shall maintain a public database of facility
22 rates for shared renewable energy facilities that have achieved
23 commercial operation.

24 (f) (1) Once the initial 500 megawatts of cumulative rated
25 generating capacity has been awarded for shared renewable energy
26 facility projects, the commission shall evaluate the functioning of
27 the program.

28 (2) By July 1, 2015, the commission shall conclude an evaluation
29 of the program to date, to determine if the goals of the program
30 are being met, including, but not limited to, the goals of increasing
31 access to renewable power and ensuring nonbeneficiary ratepayer
32 indifference.

33 (3) Unless the commission determines that the program goals
34 are not being met per the goals and timetable identified in
35 paragraph (1) of subdivision (d), the commission shall authorize
36 additional capacity to be made available under this program in
37 keeping with the stated legislative intent, and determine the
38 capacity allocation and manner of participation by residential
39 customers and the capacity allocation for developing projects in

1 areas specified in subparagraphs (A) and (B) of paragraph (3) of
2 subdivision (d).

3 (4) If the commission determines that one or more of the goals
4 are not being met, the commission shall revise the program prior
5 to authorizing additional capacity. Revisions may include
6 increasing customer disclosure information or other safeguards
7 to ensure customer protection, revising capacity set-asides for
8 customer classes or project sizes to increase customer access to
9 the program, alterations in the bill credit mechanism in paragraph
10 (1) of subdivision (c) to ensure shared renewable energy facilities
11 are financially viable through this program while ensuring that
12 all ratepayers are paying for the benefits they receive from this
13 program, or other revisions the commission deems necessary to
14 ensure the program goals can be met. After the commission has
15 revised the program, the commission may authorize additional
16 capacity to be released provided in accordance with paragraph
17 (2) of subdivision (d).

18 (5) Following completion of the pilot program, the commission
19 may evaluate the program at any time, either on its own motion
20 or upon motion by an interested party, and may modify or adopt
21 any rules it determines to be necessary or convenient to ensure
22 that program goals can be met.

23 (6) An electrical corporation shall comply with the requirements
24 applicable to protection of the right to commercial free speech
25 described in Commission Decision 10-05-050 as applied to the
26 development, sale of subscriptions, and operation of shared
27 renewable energy facilities. Shared renewable energy facilities
28 may file a complaint with the commission for violation of this
29 paragraph.

30 (7) If requested by a city, county, or city and county, an
31 electrical corporation shall annually provide the city, county, or
32 city and county with the annual total generation of each shared
33 renewable energy facility in that local jurisdiction and the annual
34 aggregated total generation, by fuel type, allocated to benefiting
35 accounts in that local jurisdiction from all shared renewable
36 energy facilities, regardless of their location. The benefiting
37 account data shall be aggregated in a manner determined by the
38 commission to protect customer privacy and to provide a city,
39 county, or city and county with the information necessary to
40 calculate greenhouse gas emissions from energy consumption

1 *within its jurisdiction supplied by shared renewable energy*
2 *facilities. The commission may develop alternative methods to*
3 *enable the sharing of annual total generation information.*

4 *(g) (1) The tariff applicable to a participant shall remain the*
5 *same, with respect to rate structure, all retail rate components,*
6 *and any monthly charges, to the charges that the participant would*
7 *be assigned if the participant did not receive a bill credit.*
8 *Participants shall not be assessed standby charges on the shared*
9 *renewable energy facility or the kilowatthour generation of a*
10 *shared renewable energy facility.*

11 *(2) Prior to the sale or resale of an interest in a shared*
12 *renewable energy facility, the provider or the participant, or both,*
13 *shall provide a disclosure to the potential participant that, at a*
14 *minimum, includes all of the following:*

15 *(A) A good faith estimate of the annual kilowatthours to be*
16 *delivered by the shared renewable energy facility based on the*
17 *size of the interest.*

18 *(B) A plain language explanation of the terms under which the*
19 *bill credits will be calculated.*

20 *(C) A plain language explanation of the contract provisions*
21 *regulating the disposition or transfer of the interest.*

22 *(D) A plain language explanation of the costs and benefits to*
23 *the potential participant based on its current usage and applicable*
24 *tariff, for the term of the proposed contract.*

25 *(3) Not more frequently than once per month, and upon*
26 *providing the electrical corporation with a minimum of 30 days'*
27 *notice, the participant organization may change, add, or remove*
28 *a benefiting account. If the owner of a benefiting account transfers*
29 *service to a new address or benefiting account, the electrical*
30 *corporation shall transfer any credit remaining from the previous*
31 *account to the new account.*

32 *(4) A provider shall be responsible for providing to the electrical*
33 *corporation, on a monthly basis, a statement of the kilowatthours*
34 *allocated to each participant to be used to determine the bill credit*
35 *to each benefiting account. If there has been no change in the*
36 *allocations from the previous submission, the provider is not*
37 *required to submit a new statement. An electrical corporation may*
38 *rely on the statement of kilowatthours allocated to each participant,*
39 *as provided by the provider, in implementing the requirements of*
40 *this chapter.*

1 (5) The provider shall provide real-time meter data to the
2 electrical corporation and shall make the data available to a
3 participant upon request. A provider shall be responsible for all
4 costs of metering and shall retain production data for a period of
5 36 months.

6 (6) A provider shall provide to the electrical corporation
7 information on the identity of the benefiting accounts that will
8 receive a bill credit pursuant to this section not less than 30 days
9 prior to the billing cycle for which the participant's account will
10 receive a bill credit.

11 (7) A provider shall provide not less than 60 days' notice to the
12 electrical corporation prior to the date the shared renewable
13 energy facility becomes operational and shall execute all necessary
14 interconnection agreements, participation, and surplus sale
15 agreements with the electrical corporation and the Independent
16 System Operator on a schedule required by those entities.

17 (8) Unless the electrical corporation will be registering
18 renewable energy credits on behalf of the participant, the provider
19 shall establish an account and register the shared renewable
20 energy facility with the Western Renewable Energy Generation
21 Information System or its successor.

22 (9) The provider's interconnection process and cost allocation
23 for facilities built under this section shall be determined by
24 applicable rules for interconnection established by the commission
25 and the Independent System Operator.

26 (10) An electrical corporation shall ensure that requests for
27 establishment of bill credits and changes to benefiting accounts
28 are processed in a time period not to exceed 30 days from the date
29 it receives the request.

30 (11) An electrical corporation shall cooperate fully with shared
31 renewable energy facilities to implement this chapter.

32 (12) The commission shall not regulate the prices paid by the
33 participant for an interest in a shared renewable energy facility,
34 but may enforce the required disclosures, and may establish rules
35 applicable to providers to ensure consumer protection. Any
36 interested person or corporation may file a complaint with the
37 commission contending that a provider or electrical corporation
38 is not complying with any requirement of this chapter and seek an
39 order of the commission to enforce the requirements of this chapter

1 *and to take whatever steps are necessary to ensure consumer*
2 *protection and compliance with the requirements of this chapter.*

3 *(h) (1) The electrical corporation may petition the commission*
4 *to incorporate in its bill those charges by the provider to*
5 *participants, provided that the electrical corporation recovers all*
6 *incremental costs of providing that service and provided that the*
7 *provider elects to use this service.*

8 *(2) Unless the electrical corporation elects to provide the service*
9 *of incorporating in its bill those charges by the provider to the*
10 *participant pursuant to paragraph (3), the following process shall*
11 *be used when billing and crediting a benefiting account:*

12 *(A) An electrical corporation shall bill a benefiting account for*
13 *all electricity usage, and for each applicable bill component,*
14 *including, but not limited to, transmission and distribution charges,*
15 *at the rate schedule applicable to the benefiting account, including*
16 *any cost-responsibility surcharge or other cost recovery*
17 *mechanism, as determined by the commission, to reimburse the*
18 *Department of Water Resources for purchases of electricity*
19 *pursuant to Division 27 (commencing with Section 80000) of the*
20 *Water Code. Participants shall not be subject to any departing*
21 *load charge.*

22 *(B) An electrical corporation shall subtract the bill credit*
23 *applicable to the benefiting account monthly. The electrical*
24 *corporation shall ensure that the participant receives the full bill*
25 *credit to which it is entitled. The information and line items on a*
26 *participant's bill statement will be unchanged, except one or more*
27 *entries detailing the bill credit that shall be added to a participant's*
28 *bill.*

29 *(C) If, at the end of each billing cycle, the total otherwise*
30 *applicable energy component of the bill exceeds the bill credit,*
31 *the benefiting account shall be billed for the difference.*

32 *(D) If, at the end of a billing cycle, the bill credit exceeds the*
33 *energy component of the amount billed to the account, the*
34 *difference shall be carried forward as a dollar credit to the next*
35 *billing cycle. Any earned credit that exceeds the energy component*
36 *of the bill shall roll over to the subsequent billing period and shall*
37 *continue to roll over until used or until the annual anniversary*
38 *date of the participant's initial bill credit, whichever occurs first.*
39 *On the annual anniversary date of the participant's initial bill*
40 *credit, any remaining bill credit earned during the previous year*

1 *and that remains after the application of bill credits to the energy*
2 *component of a participant's bills shall cease to roll over and will*
3 *be subject to a default load aggregation point price true-up. The*
4 *default load aggregation point price true-up shall be calculated*
5 *by converting the remaining unused bill credits to kilowatthours,*
6 *by dividing the unused bill credits by the monetary value of a bill*
7 *credit, and then multiplying the kilowatthours by the default load*
8 *aggregation point price. The amount calculated doing the default*
9 *load aggregation point price true-up is owed by the electrical*
10 *corporation to the participant. The commission shall determine*
11 *whether the default load aggregation point price true-up is to be*
12 *paid to participants or credited to future billings and, if so, the*
13 *manner of crediting.*

14 *(3) If the electrical corporation elects to incorporate in its bill*
15 *those charges by the provider to the participant, the following*
16 *process shall be used for the bundled electric service customers*
17 *of the electrical corporation:*

18 *(A) The provider shall convey ownership of the electricity*
19 *generated by the shared renewable energy facility that passes*
20 *through the meter and is delivered to the transmission or*
21 *distribution grid (delivered electricity) to the electrical corporation*
22 *under terms and conditions determined between the provider and*
23 *the electrical corporation, pursuant to paragraph (1) of subdivision*
24 *(e).*

25 *(B) Unsubscribed delivered electricity shall be sold to the*
26 *electrical corporation at the default load aggregation point price*
27 *plus the renewable energy credit value. The electrical corporation*
28 *shall receive credit under the California Renewable Portfolio*
29 *Standard Program (Article 16 (commencing with Section 399.11)*
30 *of Chapter 2.3 of Part 1) for all delivered electricity purchased*
31 *pursuant to this subparagraph, without the need for further*
32 *qualifying action.*

33 *(C) The electrical corporation shall charge the participant for*
34 *service under each benefiting account at the electrical*
35 *corporation's otherwise applicable tariff.*

36 *(D) The electrical corporation shall provide the participant*
37 *with a bill credit based on the allocated share of delivered*
38 *electricity and shall collect revenue from the participant*
39 *commensurate with the participant's contract with the provider.*

1 (E) *The electrical corporation, within 60 days, shall remit to*
2 *the participant organization the revenue collected from participants*
3 *through billings pursuant to subparagraph (D).*

4 (4) *Nothing in paragraph (3) requires a particular bill format*
5 *or the inclusion of any specific separate billing line items.*

6 (5) *The commission shall, by January 1, 2015, determine*
7 *whether customers participating in direct transactions may receive*
8 *bill credits equivalent to what would be provided to bundled*
9 *electric service customers of a participating electrical corporation*
10 *pursuant to this chapter; and, if so, shall implement rules and*
11 *procedures for enabling those transactions. These particular*
12 *transactions may include those with an electric service provider*
13 *that does not provide distribution services, customers receiving*
14 *electric service through a shared choice aggregation program,*
15 *and customers of a local publicly owned utility that receive*
16 *distribution service from an electrical corporation having 100,000*
17 *or more service connections in California.*

18 (i) (1) *To ensure the maximum systemic benefit from shared*
19 *renewable energy facilities under this chapter, electrical*
20 *corporations shall provide to the commission, prior to the release*
21 *of capacity, maps indicating locations in their service territory*
22 *where the addition of capacity would reduce line loss, lower*
23 *transmission capacity constraints, and defer or avoid transmission*
24 *and distribution network upgrades and construction. The*
25 *commission may adopt guidance in determining criteria for the*
26 *awarding of capacity in a manner as to reflect these benefits.*

27 (2) *Before December 31, 2015, the commission shall complete*
28 *an evaluation of whether the program causes any incremental rate*
29 *impacts. If the commission finds rate impacts, it will determine*
30 *whether and how to allocate these costs equitably to all program*
31 *participants, or instead recover on a fully nonbypassable basis*
32 *from all customers receiving distribution service from an electrical*
33 *corporation, including ratepayers with rates that are otherwise*
34 *subject to rate increase limitations pursuant to Section 739.9, but*
35 *excluding customers in the California Alternate Rates for Energy*
36 *(CARE) or family electric rate assistance (FERA) programs.*

37 (3) *On or before February 1, 2016, the commission shall require*
38 *each electrical corporation to file with the commission, for its*
39 *approval, any revisions to its tariffs, rates, and rate design as are*

1 necessary to ensure an equitable allocation to all customers,
2 consistent with the commission's evaluation.

3 (4) The commission shall ensure full and timely recovery of all
4 reasonable costs incurred by an electrical corporation to
5 implement the program, including reasonable expenses for changes
6 to its billing system and handling of collections, and shall
7 determine the appropriate method of allocating those costs. The
8 commission shall approve a memorandum account to track billing
9 system and implementation costs, as well as revenue from provider
10 project applications, and may not direct an electrical corporation
11 to conduct any billing system work prior to approval of the
12 memorandum account.

13 (5) In calculating its procurement requirements to meet the
14 requirements of the California Renewables Portfolio Standard
15 Program (Article 16 (commencing with Section 399.11) of Chapter
16 2.3 of Part 1), an electrical corporation may exclude from total
17 retail sales the kilowatthours generated by a shared renewable
18 energy facility commencing with the point in time at which the
19 facility achieves commercial operation.

20 (6) The local and system resource adequacy value attributable
21 to a shared renewable energy facility, as determined by the
22 commission pursuant to Section 380, shall be assigned to the
23 electrical corporation to which the facility is interconnected.

24 SEC. 7. No reimbursement is required by this act pursuant to
25 Section 6 of Article XIII B of the California Constitution because
26 the only costs that may be incurred by a local agency or school
27 district will be incurred because this act creates a new crime or
28 infraction, eliminates a crime or infraction, or changes the penalty
29 for a crime or infraction, within the meaning of Section 17556 of
30 the Government Code, or changes the definition of a crime within
31 the meaning of Section 6 of Article XIII B of the California
32 Constitution.

33 ~~SECTION 1. The Legislature finds and declares as follows:~~

34 ~~(a) The creation of renewable energy within California provides~~
35 ~~significant financial, health, environmental, and workforce benefits~~
36 ~~to the state of California.~~

37 ~~(b) The California Solar Initiative has been extremely successful,~~
38 ~~resulting in over 100,000 residential and commercial onsite~~
39 ~~installations of solar energy systems. However, it cannot reach all~~
40 ~~residents and businesses that want to participate. It is the intent of~~

1 the Legislature to enact legislation that would build on the success
2 of the California Solar Initiative by dramatically expanding the
3 market for renewable energy resources to include all ratepayers
4 who are currently unable to access the benefits of onsite generation.

5 (e) The Governor has proposed the Clean Energy Jobs Plan
6 calling for the development of 12,000 megawatts of generation
7 from distributed eligible renewable energy resources of up to 20
8 megawatts in size by 2020. There is widespread interest from many
9 large institutional customers, including schools, colleges,
10 universities, local governments, businesses, and the military, for
11 development of distributed generation facilities to serve their
12 energy needs. For these reasons, the Legislature agrees that the
13 Governor's Clean Energy Jobs Plan represents a desired policy
14 direction for the state. It is the intent of the Legislature that
15 distributed generation that comes online as part of a shared
16 renewable energy self-generation program is counted toward an
17 electrical corporation's efforts to implement the Governor's Clean
18 Energy Jobs Plan.

19 (d) Properly designed shared renewable energy programs can
20 provide access and cost savings to communities that have under
21 participated previously, such as low- and moderate-income
22 residents and renters, while not shifting costs to nonbeneficiaries.

23 (e) While municipal utilities already have the authority to create
24 their own shared renewable energy programs, only an act of the
25 Legislature can empower the vast majority of California residents
26 to be able to create the significant systemic benefits of shared
27 renewable energy systems, including, but not limited to, avoided
28 transmission and distribution upgrades, avoided line loss, and
29 cleaner air and water.

30 (f) Public institutions need the flexibility and opportunity to
31 participate in shared renewable energy facilities to generate
32 electricity. Electricity usage is one of the most significant cost
33 pressures facing public institutions at a time when they have been
34 forced to cut essential programs, increase classroom sizes, and
35 send pink slips to teachers throughout the state. Schools may use
36 the savings for restoring funds for salaries, student achievement,
37 facility maintenance, and other budgetary needs.

38 (g) Shared renewable energy self-generation creates jobs,
39 reduces emissions of greenhouse gases, and promotes energy
40 independence. Further, shared renewable energy self-generation

1 will enable schools, colleges, universities, local governments,
2 businesses, and consumers to save money on their electricity bills,
3 thereby helping to fund educational programs, spur investments,
4 and strengthen our communities.

5 (h) Many large energy users in California have pursued
6 renewable energy programs of their own, but cannot make their
7 goals due to seismic or land space limitations, or size limits on net
8 metering. It is the intent of the Legislature to enact legislation that
9 will create a mechanism whereby institutional customers, including
10 military installations, universities, and local governments, as well
11 as groups of individuals, can efficiently invest in generating
12 electricity from eligible renewable energy resources.

13 (i) Therefore, it is the intent of the Legislature to enact
14 legislation establishing a shared renewable energy self-generation
15 program that will be implemented in such a manner as to broaden
16 access to self-generation of renewable energy, while fairly
17 compensating electrical corporations for the services they provide.

18 (j) It is the intent of the Legislature to enact legislation that
19 would require the Public Utilities Commission to carefully consider
20 regulatory barriers to distributed generation projects already
21 identified and those not yet identified and quickly address those
22 barriers in a manner that is conducive to the development of
23 distributed generation projects consistent with appropriate ratepayer
24 protections.

25 (k) It is the intent of the Legislature to enact legislation that
26 would require the commission to minimize the rate impact of a
27 shared renewable energy self-generation program on
28 nonbeneficiaries, with a goal of ratepayer indifference. To the
29 extent that a program would impose incremental increases in rates,
30 it is the intent that the commission ensure that the cost increases
31 are equitably allocated to all customers on a nonbypassable basis
32 reflecting both the costs and benefits that shared renewable energy
33 facilities provide to the residents of California.